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Classified By: POLCOUNS Brian R. Naranjo. Reasons: 1.4 (b) and (d)

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Summary  
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¶1. (C) Dichter and Neira's latest poll (REFTEL B), published by Panama City broad sheet daily La Prensa on July 16, set the political tone for this week. Taking a significant dive in the polls, Panama City Mayor and aspirant for the governing Revolutionary Democratic Party (PRD) presidential nomination Juan Carlos Navarro feigned pessimism about the PRD's prospects. Were it forced to handicap the presidential race at this point though, the Panama Post would have to give the edge to the PRD. Meanwhile, opposition leaders jockeyed for position in the run-up to opposition party conventions and an overall consolidation trend in the opposition. Allegedly possible PRD presidential nominee Balbina Herrera might be "uncomfortable" with her front-runner status in the polls. Finally, Bolivarian leftist groups voiced their opposition to the U.S.-Panama Trade Promotion Agreement (TPA), but did so three days after the National Assembly blessed the agreement. The following is a summary of this week's headlines:

- Panama City Mayor Juan Carlos Navarro feigns pessimism at governing Revolutionary Democratic Party (PRD)'s 2009 prospects;
- Panama's Bolivarians call for "grand citizen's consultation" on U.S.-Panama Trade Promotion Agreement (TPA) . . . three days after National Assembly blesses agreement;
- Former VP Billy Ford likely to be President of Patriotic Union (UP);
- Surprisingly buoyant, Panamenista Party President Juan Carlos Varela sees opposition scenario simplifying and consolidating;
- Jose Miguel Aleman likely to be Endara's vice presidential running mate; and
- Minister of Government and Justice Olga Golcher dishes: Pedro Miguel Gonzalez will not/not be President of National Assembly, Balbina Herrera uncomfortable being PRD front-runner.

End summary

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Navarro: PRD Going to Lose in 2009  
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¶2. (C) "The PRD is going to lose in 2009. These guys do not realize how difficult it will be to keep the PRD in power," Panama City Juan Carlos Navarro asserted to Ambassador on July 16. "We have to get to work and get serious if we are to have a shot at hanging on to the presidency in 2009." The mayor commented that he did not believe that fellow PRD member and Minister of Housing Balbina Herrera would run for president, though he conceded that, as any talented

politician, she had to at least be toying with the idea. Navarro acknowledged that Herrera would have a decisive role to play the PRD's internal maneuvering for the presidential nomination and added that so to did President Martin Torrijos. "Herrera and I are getting along very well," the mayor said. "Torrijos and I have never had a better relationship." Nonetheless, a resigned Navarro admitted that Torrijos remained steadfast in his support for First VP and FM Samuel Lewis despite his low poll numbers and the prospect of moving up the PRD's internal elections, as Navarro desires, were dim. Remarking that Lewis entered politics at his urging, Navarro said, "I just need to find a way to beat my cousin." Navarro said he believed that Ernesto "El Toro" Perez Balladares was a spent force.

¶3. (C) The Panama Post was not sucked in by Navarro's pessimistic, gloom and doom scenario for the PRD, but rather continues to believe that the 2009 elections currently are the PRD's to lose. Perhaps Navarro was attempting to portray himself as a dark horse candidate. While outwardly pessimistic about his party, Navarro seemed resigned to current political alignment in the PRD and wishful for a realignment of its constellation. Herrera, who out polled Navarro in a recent poll, and Torrijos remain the two great unknowns for Navarro's prospects in the PRD.

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MP-UNA's Open Letter to Torrijos on TPA  
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¶4. (U) "(W)e demand a broad process of debate regarding the Trade Promotion Agreement that culminates in a great citizen's consultation that would permit all Panamanians to decide" whether to accept this treaty, the People's Movement - United for Our America (MP-UNA) declared in its July 14 open letter to President Torrijos published in Panama City daily La Estrella This Bolivarian umbrella organization complained, "(R)epublican and Democratic Congressmen introduced modifications to the draft treaty that are entirely unknown to our country." Continuing, the letter stated, "What is at play, Mr. President, is the food security of our people and the right of self-determination of Panamanians regarding its own future." Asserting the need for a public consultation, MP-UNA argued, "The political parties represented in the legislative power have lost credibility before public opinion," and added that Torrijos' call for a special session of the National Assembly to consider the treaty was "trickery." Finally, MP-UNA stated, "It is our firm conviction, Mr. President, that, for the sovereign interests of the country, the correct path toward economic integration has to be with the other peoples of our America. Therefore, our position is in favor of Panama integrating itself as a member of ALBA (Free Bolivarian Area of the Americas)." The letter was signed by the following MP-UNA coordinators: Dr. Miguel A. Candanedo (Secretary General of the University of Panama); Dr. Carlos Wong; Professor Dania Batista; Saul Mendez, Secretary General of radical Sole National Union of Workers of the Construction Industry and Similar Industries (SUNTRACS); Gloria Castillo; Javier Viquez; Silvestre Diaz; Manuel Prado; Eric Fernandez; Tayra Stanley; and Carlos Nunez.

¶5. (C) Comment: Though published three days after Panama's National Assembly had already acted on the TPA, the fact that it was published at all was a minor success for MP-UNA. Candanedo and Alternative Policy Party (PAP) President Omeldo Beluche, an MP-UNA member, separately complained to POLCOUNS that MP-UNA and other leftist organizations had little access

to the media as "oligarchic" interests "undemocratically" barred their access. Established only about two months earlier, this letter provides insight into MP-UNA's views: (a) the traditional parties are out of touch and lack credibility; (b) only a direct popular consultation (read: a referendum) would provide a truly sovereign decision; (c) the political elites in the U.S. and Panama are tricking the Panamanian people; and (d) integration with Panama's neighbors through ALBA is the preferred path to economic integration. Floor managers of the TPA debate pressed to conclude discussions of the treaty before MP-UNA, through organizations such as SUNTRACS and FRENADESO (National Front for the Defense of Economic and Social Rights), could mount a significant protest.

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Billy Ford Apparent UP President  
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¶6. (U) As widely anticipated, former VP Guillermo "Billy" Ford is expected to be elected president of the Patriotic Union (UP) party at its convention on September 16. Though other candidacies may still be considered, former Solidarity Party President Jose Raul Mulino's and former National Liberal Party (PLN) President Anibal Galindo's withdrawal of their own candidacies and endorsement of Ford on July 18 cleared the way for an all but assured victory for Ford. Instead, Mulino and Galindo will accept UP vice presidencies. Mulino told the press, "We are building a political project, not simply an electoral party." Galindo added that, by stepping aside to bring in Ford as a unifier, Mulino and Galindo were demonstrating that UP "will never place personal interests above those of the majority of the party or of the country." Ford stated that he would accompany Mulino and Galindo on a nationwide tour to engage the UP rank and file.

¶7. (C) Comment: Ford stood back and allowed others to portray him as the best option for party unification while preserving enough political space to accommodate Mulino and Galindo. Ford, Mulino and Galindo will have their work cut out for them though as they strive to energize UP bases and fully consolidate the Solidarity-PLN marriage that produced UP. For example, only eight percent of the registered estimated 120,000 UP members participated in the party's recent internal selection of conventioners. Panamenista Party President Juan Carlos Varela told POLCOUNS on July 18 that with Ford at the helm UP would not enter into alliance with the governing Democratic Revolutionary Party (PRD) and could be brought into "a grand opposition alliance" along with the Movement of Liberal Republican Nationals (MOLIRENA) and the Panamenista Party. UP is not expected to field its own presidential candidate, but rather to enter into alliance to support another party's candidate.

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Varela: Opposition Simplifying, Consolidating  
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¶8. (C) Surprisingly buoyant -- his support dropped two-thirds from about 15 percent to about 5 percent in the most recent publicly available national poll -- Panamenista Party President told POLCOUNS July 18 that the opposition "scenario" was "simplifying" and the various opposition forces were "consolidating." Acknowledging his own loss of support, Varela said he was unconcerned as "strategically" the dynamic in the opposition was increasingly setting up a three-way presidential race in which the Panamenista Party would necessarily be a dominate force. Varela was dismissive that former President Guillermo Endara would be a force: "He will not get the Panamenista support that is essential to him," and "His continued presence in the race helps draw the distinction between old dinosaurs and new fresh blood." As stated above (para 7), Varela was very satisfied at developments in the Patriotic Union (UP) party and believed that they would bode well for an alliance. Varela said that soon he and other leading Panamenistas like Jose Blandon, Jr. would issue a call for the opposition to unify (of course, around the Panamenista Party). Varela expected that

Democratic Change (CD) Party President Ricardo Martinelli would steer clear from such an initiative. Martinelli, however, would have difficulty sustaining his commanding lead in the polls, presently at about 43 percent, Varela suggested, particularly once opposition parties held their formal conventions and candidates (likely to include Varela) announced their runs for the presidency. Varela did not think former presidential candidates Alberto Vallarino or Jose Miguel Aleman would be forces in the coming campaign.

"Ultimately, I am very comfortable with the direction opposition politics are developing," Varela said. He continued to advocate for an inter-party opposition primary -- a non-binding sounding in which opposition party members and independents could participate -- as the best way forward to consolidate the opposition. For now, Varela stated that he thought there would be a three-way race for president between Martinelli, the PRD's candidate (most likely First VP and FM Samuel Lewis), and a united opposition force's candidate.

¶9. (C) Comment: The Panama Post concurs with Varela that currents in the opposition are simplifying the array of opposition forces and encouraging consolidation, but is not as convinced that everything may be breaking Varela's way. There are still too many cards to be played in the opposition's game of Texas Hold'em, and the Panama Post would like to see a few more cards before placing any bets.

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Jose Miguel Aleman to be Endara's VP Candidate?  
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¶10. (C) In last week's edition, the Panama Post reported that Endara might have chosen his vice presidential nominee, according to Endara's close advisor Menalco Solis. Well, accompanying Endara and Solis to lunch with the Ambassador next Monday (July 23) will be former Panamenista Party Presidential candidate Jose Miguel Aleman. Separately, we learned from Solis' son that Aleman would likely be Endara's vice presidential running mate. Aleman is close to former President Mireya Moscoso. Panamenista Party President Varela seemed decidedly uninterested and unconcerned on July 18 regarding Aleman's political activities. Keep your eyes open for next week's edition to see if the Panama Post has anything further to report on Endara's vice presidential choice and the impact that it might have.

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Minister of Government and Justice Olga Golcher Dishes  
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¶11. (C) "Pedro Miguel Gonzalez will not be the next President of the National Assembly," Minister of Government and Justice told DCM on July 18. "Torrijos knows that that would create problems with you and that the U.S. has strong objections to Pedro Miguel." In lieu of National Assembly Presidency, Golcher asserted that Gonzalez would be given a seat on the PRD's National Executive Committee (CEN). Turning to the issue of who would be the PRD's nomination for president, Golcher said that Minister of Housing Balbina Herrera was "uncomfortable" being the "front-runner" in the latest poll. Concerned that voters tended to switch from one party to another from election to election, Golcher explained basically that Herrera did not want to lose by being caught on the downswing as voters turned the PRD out of power. From this perspective, Golcher said Herrera would be better off winning the race for Mayor of Panama City and making a run for president instead in 2014.

¶12. (C) Comment: The Panama Post has been putting the word on the street for the past few weeks that installing Gonzalez, a wanted fugitive for the 1992 murder of a U.S. serviceman who is also ineligible for a U.S. visa on terrorism grounds, as the next National Assembly President would be a very, very bad move; the message appears to have gotten through. As for Herrera, whether she wants to run for President or Mayor of Panama City, time will only tell. This week, driven by a "the PRD will be driven out of power" vibe, Herrera may be more inclined to going the safe route and

running for mayor. Only one thing about Herrera is clear  
though: she will have an important role to play in the PRD's  
unfolding electoral strategy for 2009.  
Eaton